



United Nations Capital Development Fund REQUEST FOR APPLICATION FOR

Inclusive Innovations for market-based climate disaster risk financing and insurance

SUMMARY

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF also adopts a gender lens approach in all of its initiatives and activities to ensure overall inclusion and participation in the digital economy.

In partnership with the United Nations Development Programme (UNDP) and the United Nations University Institute of Environment and Human Security (UNU-EHS), UNCDF has developed the Pacific Insurance and Climate Adaptation Programme, PICAP (hereinafter referred to as the Programme), with the overall objective of “Pacific households, communities, small businesses, organizations and Governments are financially better prepared for climate change and natural hazards.” The Programme also aims to reduce the gender equity gap and ensure vulnerable social groups are access to suitable disaster risk insurance products.

The PICAP Programme is launching the Inclusive Insurance Innovation Lab (hereinafter referred to as the Lab). The Lab provides a platform for PICAP to support market innovations for bringing new disaster risk insurance products to the Pacific markets while investing in innovative business models and/or processes that improves the use case and customer experience of existing products, including the Parametric insurance product launched in Fiji in August 2021.

Under the Innovation Lab, PICAP has launched this Request for Applications (RFA) calling market players to submit proposals across three themes: 1) new parametric insurance product, especially for MSMEs and agriculture sector, 2) Improving access and use of disaster risk insurance and financial products by women, and 3) Testing and launching disaster risk insurance products in Tonga and Vanuatu.

In total, the Lab will support up to 15 implementing partners across the three countries by providing performance-based grants (PBAs) and technical assistance (TA) by de-risking their investments and supplementing their project teams with experts who have the know-how in delivering inclusive insurance and digital financial services in the Pacific markets.



Applications are invited from financial service providers, FinTech/Insurtech firms, civil society organizations, Startups with an existing product, training institutions, agent or distribution management firms and other service providers offering services in the three thematic areas. Applicants must have a minimum of three years of operation in at least one of three countries: Fiji, Tonga and Vanuatu.

The Lab will provide technical assistance, performance-based grants, advisory and mentorship services to the selected partners. The technical support would be provided by insurance, digital finance and innovation experts that are experienced in product and business model development and go-to-market strategies in some of the most challenging markets in developing economies.

The Programme, through the Lab and under the RFA, plans to invest up to USD 1.5 million (during 2022) on select innovative approaches and business models under the above-mentioned three themes. The financial grant will range from 25,000 to 250,000 USD¹ with average investment expected to be around USD 75,000

Selected applicants will be signing a Performance-Based Agreement² (PBA) with UNCDF. Please review the PBA model available on this RFA website.

Selected applicants will be expected to fund at least 30 percent [30%] of the total project cost for heads such as technical resources, staff, and operational expenses. Higher contributions are preferred.

Applicants may apply independently or in a consortium, provided that there is a clear lead applicant and there is an established partnership prior to when this request for applications was issued.

For requests and queries, please send an email to uncdf.rfa@uncdf.org cc shobna.singh@undp.org with the title "Queries: Inclusive Innovations for market-based climate disaster risk financing and insurance."

Applications should be submitted through UNCDF Grant Platform at this link:

https://apply.uncdf.org/prog/inclusive_innovations_for_market-based_climate_disaster_risk_financing_and_insurance

online at this before the application deadline: 27 February 2022 11.59 PM New York

¹ The range indicates PICAP's interest in supporting a wide range and scale of initiatives. While the expected range is between USD 25,000 and USD 250,000; solutions with a large-scale impact may be eligible to receive higher value of grants, maximum up to USD 500,000.

² A performance-based grant implies that grant amounts that are contingent on the successful achievement of pre-determined milestones. Achieving a milestone will therefore trigger a grant payment. Grant payments will be reimbursements for funds spent by the grantees, according to the project implementation plan and pre-agreed milestones. The Grantee will be responsible of providing a comprehensive and compliant financial report reporting all the financial transactions relating to grant. The Grantee will need to keep supporting documents related to these transactions to justify all actual costs incurred.



time.

1. INTRODUCTION

The Pacific Small Islands Developing States (PSIDS) are highly vulnerable to natural hazards. In the Oceania Region, countries like Fiji and Vanuatu are particularly vulnerable as they encounter one major cyclone every 2-3 years. The cyclical nature of the El Nino/La Nina phenomenon also poses great risks by bringing abnormally longer drier periods of lack of rainfall or high rainfall triggering flooding and loss of crops.

Several PSIDS countries are among the highest-ranked countries on the climate risk and hazardous index ([WorldRiskIndex](#)). For instance, Vanuatu is ranked 1, followed by the Solomon Islands and Tonga. Fiji is ranked 14. The ranking was mainly based on the high hazard exposure and the relatively low coping capacity of the country.

Rank	Country	WorldRiskIndex	Exposure	Vulnerability	Susceptibility	Lack of coping capacities	Lack of adaptive capacities
1.	Vanuatu	47.73	82.55	57.82	39.66	81.21	52.59
2.	Solomon Islands	31.16	51.13	60.95	46.07	81.14	55.63
3.	Tonga	30.51	63.63	47.95	28.42	79.81	35.62
4.	Dominica	27.42	61.74	44.41	23.42	71.13	38.67
5.	Antigua and Barbuda	27.28	67.73	40.28	23.80	64.41	32.62
6.	Brunei Darussalam	22.77	58.17	39.14	15.33	68.13	33.96
7.	Guyana	21.83	43.93	49.69	25.96	77.23	45.88
8.	Philippines	21.39	42.68	50.11	28.63	82.14	39.56
9.	Papua New Guinea	20.90	30.62	68.27	55.28	86.16	63.37
10.	Guatemala	20.23	36.79	54.98	32.55	85.66	46.72
11.	Cape Verde	17.72	37.23	47.59	28.86	72.71	41.21
12.	Costa Rica	17.06	44.27	38.54	19.96	65.33	30.34
13.	Bangladesh	16.23	28.11	57.74	32.57	85.57	55.07
14.	Fiji	16.06	34.51	46.55	22.06	76.63	40.95

The government of Fiji estimates that natural hazards - with cyclones and floods being annual events - cause average annual losses of about F\$152 million; losses from 100-year return period cyclones are estimated at around 11% of GDP (Government of Fiji, 2017). Among the affected, micro and small businesses tend to loss a lot. For example, MSMEs lost FJD 11.2 million following TC Winston, with 43% of all MSMEs being affected by the event. Similarly, in Tonga, the 2018 TC Gita caused losses worth between 30% and 38% of the GDP (Ministry of Finance and National Planning, 2018³).

Despite the vulnerabilities, the PSIDS have limited capacity to effectively manage the risks and overcome the significant economic losses after a natural disaster. Presently, there are limited ex-ante financial instruments (government reserve funds and contingent credit) available in most Pacific countries and the ex-post financial instruments deployed are usually reallocated from government budgets, acquired through external and internal borrowing or the result of donor assistance and international humanitarian aid.

The United Nations Capital Development Fund (UNCDF), through a joint programme with the United Nations Development Programme (UNDP), the United Nations University Institute for Environment and Human Security (UNU-EHS), and in close collaboration with key stakeholders from the government, public, private sector and

³ Refer to the Post Disaster Rapid Assessment ([link here](#))

other development partners, aims to address the challenges of post disaster financing through the workstreams envisaged in the Pacific Insurance and Climate Adaptation Programme (PICAP). The Programme aims to cover women, youth and MSME segments specifically and work across agriculture, fisheries, retail and tourism sectors.

The Inclusive Insurance Innovation Lab under PICAP Programme supports market innovations for bringing new disaster risk insurance products to the Pacific markets while investing in innovative business models and/or processes that improves the use case and customer experience of existing products, including the pilot Parametric insurance product launched in Fiji in August 2021.

2. SCOPE OF WORK

2.1 Areas of intervention

Under the Innovation Lab, the Programme is calling eligible applicants to submit proposals across one or more of the three themes:

- 1) New parametric insurance products, especially for MSMEs and agriculture sector, in at least one of three countries (Fiji, Tonga, Vanuatu).
- 2) Improving access and use of disaster risk insurance and financial products by women, in at least one of three countries (Fiji, Tonga, Vanuatu).
- 3) Testing and launching disaster risk insurance products in Tonga and Vanuatu.

No.	Areas of intervention	Challenges/ Problem Statement
1	New parametric insurance products, including for MSMEs	<p>Objective</p> <ul style="list-style-type: none"> PICAP aims to support the identification, development, and pilot testing of climate disaster risk financing and insurance (CDRFI) instruments tailored to the needs of MSMEs. The project will further support the use of innovative digital strategies to increase the overall accessibility of CDRFI instruments. In particular, we would like to see products for economic sectors that have a broad economic base, such as agriculture, fisheries, retail, and tourism sectors. In line with the PICAP Gender strategy, we would prefer solutions that intend to cover women-owned/co-owned MSMEs. <p>Market challenges</p> <ul style="list-style-type: none"> Among Pacific Small Island Developing States, micro-small and medium enterprises (MSMEs) are a

		<p>significant contributor to the Gross Domestic Product (GDP) and domestic labor market. For example, in Fiji, there are 24000 registered MSMEs, of which 49% are women-led⁴. They contribute 18% to the GDP and 60% to the labor market⁵. Likewise, over 80% of local businesses in Tonga and Vanuatu are SMEs.</p> <ul style="list-style-type: none"> • Presently, there are limited financial instruments available to MSMEs to manage the financial risk arising out of climate change and natural disasters. For example, there are no climate risk insurance products customized for small businesses. Fire and flooding products exist in Fiji; however, they lack the rigor of a parametric product. As a result, most small businesses tend to rely on savings and loans to recover from post-disaster economic losses. • A recent survey conducted by PICAP and its partners further highlighted both the need and demand for suitable disaster risk insurance⁶. Cyclone and floodings are the top two reasons for business losses to MSMEs. The majority rely on loans to recover, while it takes 2-3 years to return to pre-disaster levels. • On the demand front, more than 2/3rd respondents to PICAP Survey (both individuals and businesses) expressed the desire to take a reasonably priced insurance product that covers a bundle of risks, including cyclone events.
Category 2	Improving women's access and adoption of climate disaster risk financing products	<p>Objective</p> <ul style="list-style-type: none"> • PICAP aims to increase the access and adoption of disaster risk financing products, especially insurance, as a tool to reduce the risk of financial losses for women; thereby, increasing their chance of recovery and participation in the economic processes. • Through the Lab, we want to design and test market-based incentives for women to protect themselves and their businesses from economic losses. • In particular, we would like to support initiatives that improve women's knowledge of insurance products. We will also support the creation and delivery of financial literacy materials designed for and delivered by women that promote the adoption of financial tools to protect against economic losses. • Additionally, we would also like to support innovations

⁴ Source: <https://www.uncdf.org/article/5790/empowering-women-with-technology-lessons-learnt-from-a-talanoa-dialogue> and <https://www.enterprisesurveys.org/en/data/exploreconomies/2009/fiji#gender>

⁵ Source: The Fijian Government - <https://www.fiji.gov.fj/Media-Centre/Speeches/MINISTER-KUMAR-AT-THE-LAUNCH-OF-THE-FIJI-ENTERPRIS>

⁶ The climate and disaster risk insurance demand survey was conducted with respondents from Fiji (primarily) and Vanuatu. A similar research is underway for Tonga, which will provide further insights on the coping mechanism of MSMEs. PICAP will make the existing research available to selected applicants.

		<p>in the distribution models, such as using digital channels and employing women as distributors.</p> <ul style="list-style-type: none"> • PICAP provides specific guidelines for mainstreaming gender throughout the entire product design and deployment cycle. It emphasizes the gender-relevant development of digital products, easy enrollment and accessibility, user-centred communication, quick access to funds in terms of payout, and additional access to ecosystem services such as financial literacy and digital payments. • Applicants are encouraged to include a gender-gap analysis and a gender lens perspective in their suggested initiative. <p>Market challenges</p> <ul style="list-style-type: none"> • Natural hazards disproportionately affect low-income people and women as they typically have fewer resources available to cope with disasters. In Vanuatu, 23% of the male and 40% of the female adult population is engaged in unpaid work (Vanuatu National Statistics Office, 2017⁷). These groups also rely more often on subsistence farming as a livelihood, which is typically hit most when natural hazards strike. Similarly, many women weave baskets and mat weaving from pandanus leaves (<i>voivoi</i>) in the Pacific to generate income. In Fiji, the cyclone Winston had destroyed the pandanus plant and, therefore, destroyed many women's sources of income. • PICAP learned through a survey conducted in Fiji and Vanuatu that about 94% of the women interviewed experienced significant economic losses as a result of the natural hazards. Most women consider themselves to have adequate awareness of insurance products and are interested in parametric insurance products. However, contrary to the level of understanding, only 20% of the women interviewed actually subscribed to an insurance policy. • A number of factors limit women's adoption of climate risk insurance products, namely limited access to suitable products, lack of simplified registration and payment options, and access to actionable knowledge of products and services.
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⁷ Retrieved from Vanuatu National Statistics Office. Vanuatu 2016 Post TC Pam Mini-Census Report, Volume 1: Basic Tables. https://vnso.gov.vu/images/Public_Documents/Census_Surveys/Census/2016/2016_Mini_Census_Main_Report_Vol_1.pdf.

Category 3	Regional expansion into Tonga and Vanuatu	<p>Objective</p> <ul style="list-style-type: none"> • In August 2021, PICAP introduced Pacific's first parametric insurance product model. The product has since been rolled out by two insurance companies in Fiji, and by December 2021, already generated over 1,400 members enrolled. The current parametric insurance product primarily focuses on individual and smallholder farmers and is delivered using an aggregator model. • While the current product is steadily gaining momentum among farmers, PICAP would like to expand the use of disaster risk coverage to other market sectors, including tourism, retail, and agriculture allied sectors (e.g., fisheries). Concurrently, we would like to expand the deployment of both retail and business disaster risk insurance products to two more Pacific markets, namely Vanuatu and Tonga. • Unlike Fiji, Vanuatu and Tonga currently do not have the parametric insurance product. Neither businesses nor retail clients have access to any other market-based climate disaster risk financing products that are specifically designed for Vanuatu and Tongan markets. • In line with PICAP regional expansion plan, we would like to support the expansion of the current parametric insurance product as well as the testing of new products and services in Vanuatu and Tonga.
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2.2 Types of Solutions We Are Looking to Support

- Potential applicants shall demonstrate that they have the capacity, skills and expertise to provide capabilities in developing, testing, launching and expanding innovative and inclusive insurance products to the low-to-moderate income segment in the three priority countries (Fiji, Tonga and Vanuatu).
- PICAP is commencing demand side research with MSMEs in Fiji that will lead to product(s) development that potential applicants can deploy with 'go to market' strategies, the Programme intends supporting such applicants
- Providers can propose one or more financial solutions that provide financial resilience against losses from natural hazards such as like cyclones, droughts (for example, parametric insurance).
- The solutions should address the needs of low-income segments and must demonstrate how they cater to the needs of women.
- Solutions that cover priority sectors, i.e., clients in agriculture, fisheries, retail, and tourism will be preferred.
- Solutions that adopt innovative approaches, such as digital technologies, are particularly encouraged to apply.
- Both new products and improvements to existing products are welcomed as



long as they help to expand the adoption among the target groups. For new solutions, we expect that the selected applicants are ready to pilot and scale the minimum viable product that the Lab will develop, in close cooperation market stakeholders.

Below are some examples of the type of innovations we have in mind. It is only an indicative list. Applicants are encouraged to propose their own solutions.

- **Inclusive insurance products** that cater to offering protection against a variety of risks, especially those related to climate change, natural hazards that affect lives, livelihoods and assets of individuals, households and businesses.
- **Digital platforms and tools** that will improve the customer experience and increase access to information or services, such as digital insurance.
- **Hybrid financial products** that combine insurance with other financial products, such as savings, pensions, and payments offered through digital interfaces. Similarly, hybrid or bundled insurance (e.g., cyclone and health) products are also welcomed.
- **Education tools** that can improve people's awareness about financial health, such as their spending habits against their income, having sufficient savings for shocks and long-term life goals, planning ahead for expenses, and the value of having insurance for unforeseen shocks in life. Those need to be tailored to the community's financial literacy levels and targeted to include vulnerable groups.
- **Data analytics** is used by the provider to understand their customers in more granularity, as well as supplement or replace standard processes and requirements that hinder access and usage of digital financial services among the target segments. Data can also be used to make customized product referrals and useful information available to existing customers.
- **Business Solutions** that provide services to insurance companies in the efficient management, delivery, and expansion of their climate risk insurance products.
- **Distribution model** that tests and deploys innovative ways of delivering disaster risk financial products. For example, digital distribution models and aggregator models, such as partnerships with agri-agencies, cooperatives, financial institutions, and business aggregators that have a large captive members' base.

These examples are not exhaustive, and the Programme team is keen to understand what potential applicants have in mind even outside these examples as long as your scale, commercial viability, and impact objectives are aligned with Programme objectives. We encourage applicants to think big, think commercial, and think of priority segments.

2.3 How UNCDF PICAP works with partners

UNCDF takes a tailored approach to engagement with partners, working with each throughout to identify business and customer needs, and helping to design, pilot and



scale the solutions. Some examples of the ways in which PICAP works with partners include:

- **Customer and product research:** Sharing market research and knowledge to deepen partners' understanding of customers' behaviors, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- **Product design:** Providing human-centered design expertise to better understand the customer journey - physical and financial – for better product design and use-case development tailored to the needs of low-income customers and their families. The efforts may also involve analyzing the transaction data from a customer lens.
- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale solutions. Technical assistance is provided by subject matter experts, ranging from risk modeling, digital business models, digital transformation and growth strategies with both Pacific regional and global experiences.
- **Partnerships:** Facilitating strategic partnerships with stakeholders – including technology partners, aggregators, payment hubs, mobile network operators, financial institutions, and non-bank financial institutions – to enable partners to reach mass-market customers and grow sustainably.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centered products and services to be piloted and potentially scaled.

In the RFA, applicants may identify and suggest areas where technical support from UNCDF and its network of expertise is sought.

2.4 Expected results

According to the projects and solutions presented, applicants must include in the proposal a complete list of results, outcome indicators and targets for monitoring the achievement of different results. Below is a non-exhaustive list of key performance indicators (KPIs) for the projects. Specific indicators would be finalized based on the nature of the project and would form part of the Performance-based Agreement to be signed between the selected institution and UNCDF.

Deliverables would be derived from key project milestones to be agreed mutually between UNCDF and the selected applicant in accordance with the identified milestones, outcomes and targets of the KPIs during the due diligence and negotiation phase. For illustration, milestones can include market research conducted, and go-to-market strategy finalized, or insurance product design finalized and readied for the pilot launch.

In the application form, candidates will have to provide a set of reliable and attainable targets for each of the following indicators.

Indicators	Disaggregation
Number of registered customers	Total: Women:

Indicators	Disaggregation
Number of active users	Total: Women:
Average transaction amount per customer	Total: Women:
Average transaction volume per customer	Total: Women:
Average revenue per customer	Total: Women:
Average retention rate per insurance initiative per country	Total: Women:

Please note that during the negotiations process of the Performance-based Agreement, applicants shall be required to integrate the monitoring framework with the KPIs.

3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored.

3.1 Eligibility requirements

Entity registration

- The applicant (the lead applicant) must be a registered business entity. Entity includes banks, microfinance institutions, insurance company, re-insurer, money transfer operator, payment service provider, agent aggregator, mobile network operator, technology provider, insurtech company, fintech company, cooperative, credit union, research agency, educational institution, and NGO/civil society organization.

Relevant operation licenses (when applicable)

- The lead applicant, if a financial service provider, must be licensed to provide insurance, microfinance, remittance services/ saving solutions, loans, and payment services.
- The lead applicant, if not a financial service provider, must have the relevant business or equivalent licence from a statutory authority in the respective country of implementation.

Country of operation

- The applicant must have operations in the Pacific region, specifically having a minimum of three years of operations in Fiji or Vanuatu or Tonga.
- The applicant may be registered elsewhere but must have business operations in one of three priority countries (Fiji, Vanuatu and Tonga). The applicant must have an overall minimum operating experience of three (3) years anywhere and running a registered business in one or more of the three countries. .

Consortiums (when applicable)

- Applicants may apply only once under this RFA, whether independently or in a

consortium.

- Joint applications between market players in the target country or countries are encouraged if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to developing, piloting, launching and expanding innovative and inclusive insurance products and services to the low-to-moderate income segment in Fiji and/or Vanuatu and/or Tonga.
- Applications from consortiums of organizations must show that the partnership was established prior to this call for applications.
- The lead applicant and their financial service provider partner must be registered entities with at least three years of operations and must have statutory accounts and audited financial statements for at least one operating year.

Project funding

- Applicants must contribute at least 30% of the project's cash costs, which may include technical infrastructure, human and business resources, and operations.

Exclusionary criteria:

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Applicants and any of their staff or members of their board of directors shall not be included in the United Nations financial sanctions lists, particularly in the fight against the financing of terrorism and against attacks on international peace and security⁸; and
- Applicants must not be involved in any of the following activities⁹
 - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons
 - Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment
 - Replica weapons marketed to children
 - Manufacture, sale or distribution of tobacco or tobacco products
 - Involvement in the manufacture, sale and distribution of pornography
 - Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES
 - Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
 - Violation of human rights or complicity in human rights violations
 - Use or toleration of forced or compulsory labor
 - Use or toleration of child labor
- Applicants shall have fulfilled all the obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation.

⁸ See: <https://www.un.org/securitycouncil/sanctions/information>

⁹ See UNDP Policy on Due Diligence and Partnerships with the Private Sector (2013): https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/BERA_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default

UNCDF may conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria, including the certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF besides the application form.

3.2 Evaluation criteria

The Evaluation Committee will score the applications according to the below evaluation criteria. Only applications that score at least 70 out of 100 will be considered successful and move to the due-diligence stage.

Category	Details	Score
Organizational capacity and commitment to implement (track record)	The applicant has a track record of successfully deploying and growing RFA-relevant business in at least one of three priority countries (Fiji, Tonga, Vanuatu), demonstrated through business growth and profitability matrix. Applicant and the project team have relevant expertise and demonstrate the ability to implement towards project goals.	20
Current resources available for the proposed solution	Current resources (e.g., HR, financial, infrastructure, technology, brand recognition, geographical footprint) demonstrate the ability to implement the project.	10
Customer knowledge & Impact	Demonstrates in-depth understanding of the customer to be served Contribution to the financial inclusion, digital inclusion, resilience building and wellbeing of low or moderate income people in at least one of the following segments: women, youth, smallholder farmers, MSMEs, migrant workers, informal and formal workers and other vulnerable segments including low and moderate incomes groups. Contribution of the project to reach at least one of the UN Sustainable Development Goals .	15
Degree of innovation and additionality	Level of innovation in the product and approach proposed; level of additional value being brought to the market	20
Scalability and financial viability	The business model has the potential to scale and become financially viable over time.	15
Value for money	We will look at outreach targets as measured by # of end-users/customers that use or are impacted by the product, and evaluate whether the proposed target is backed by sound logic (e.g., current user base, applicant's ability to deliver, financial and human resources that applicant is committing to this project etc.)	20
Maximum score		100

3.3 Eligible costs

The criteria for eligible expenditure determine whether a cost qualifies for funding under UNCDF rules and procedures.

The general criteria for eligibility of costs under UNCDF funding include the following.

- Eligible costs must be incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period).
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Performance-based Agreement.
- Costs must be identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established.
- Costs must comply with the requirements of applicable tax and social legislation.
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.
- Consultancy costs – studies, technical assistance and other advisory services under the Programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with special skills and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with the information provided on their expertise, primary organizational affiliation, normal daily fee, and the number of days of expected service. Consultants' travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee.
- Workshop costs are eligible for the workshop venue, food and beverages, and publication material.
- Training expenditure (financial education, digital education, soft skills) for the project's final beneficiaries is eligible. If applicable, this will include all related expenditures, such as the cost of the venue, participant travel, and so on. Training for the employees of the institution applying for the grant is also eligible as long as it has been demonstrated that it will link directly to the project output.
- Investment costs directly attributable to the project relating to research and innovation are allowable.

3.4 Ineligible costs

The following costs are ineligible and not accepted:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs (also called overheads).

4.0 AGREEMENT PARAMETERS

Potential applicants shall give evidence that their solutions are aligned to the following parameters.

4.1 Applicants

Eligible candidates can apply alone, or as the lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in section 3.1 in case of a consortium of entities applying to the RfA, the lead applicant shall comply with the eligibility requirements.

The lead applicant will be responsible for:

- i. submitting the application form on behalf of the consortium
- ii. ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form;
- iii. signing the Performance-based Agreement with UNCDF¹⁰;
- iv. fulfilling all obligations set out in the Performance-based Agreement;
- v. ensuring the allocation and the fulfillment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- vi. ensuring the allocation and the fulfillment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement

4.2 Target segment

Smallholder farmers, fishers, retailers, women, micro and small enterprises, and other vulnerable segments in low-and moderate-income groups.

4.3 Geographical scope

Nationwide, with a focus on under-served segments in the low- to-moderate income bracket in Fiji, Tonga and Vanuatu (separately or all).

4.4 Project duration

Projects are expected to have at least 18 months duration from the date of signing the Agreement.

4.5 Language

The deliverables and any correspondence between the applicant organization and UNCDF must be in English.

4.6 Budget

UNCDF will provide a grant to the selected applicants that are technically compliant in accordance with the Evaluation Criteria as set forth in section 3.2 UNCDF contributions may range from USD 25,000 to 250,000.

Specific projects will be financed based on business needs. Depending on the maturity of the solutions and the success of the pilot, UNCDF may be able to continue its support for the mobilization of investment capital (loan and guarantee) and further technical assistance.

¹⁰ Include a link with the agreement template where applicant can download the template



Applications will need to describe how applicants will deploy the grant, and if any technical assistance or mentorship services are being sought. Additional technical assistance services will be provided by UNCDF through a separate budget line.

5.0 APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

- The applicant must submit a complete application form online at this link: https://apply.uncdf.org/prog/inclusive_innovations_for_market-based_climate_disaster_risk_financing_and_insurance/
- Please be sure to have prepared the following documents
 - Certificate of incorporation
 - Latest audited financial statements
 - Latest management accounts
 - Official document confirming that the candidate is in order related to tax and social security payments
 - Technical submission form (using UNCDF's template)
 - Budget and workplan (using UNCDF's template)
 - CV form (using UNCDF's template)

5.2 Application deadline

All applications must be submitted by 23:59 hours (EST, the New York time zone) by 27 February 2022.

5.3 Selection process:

- Step 1: Eligibility screening – eligibility will be assessed by the Programme's review team according to the eligibility requirements as set forth in this RFA.
- Step 2: Evaluation of eligible applications by the Evaluation Committee – the Programme's Evaluation Committee will evaluate the applications based on the evaluation criteria set out in section 3.2.
- Step 3: Due diligence – due diligence on the applications and their applicants will be conducted by the Programme's review team members on applications that receive the minimum qualifying score (70/100).
- Step 4: Notification of applications – all applicants will be notified of the status of their applications.
- Step 5: Pre-Grant negotiation and Performance-based Agreement – the selected applicants will finalize the scope of the grant and finalize budgets, indicators and targets, workplan and disbursements of the grant that will be released on achievement of each milestone.
- Step 6: Approval of the selected applications by the Investment Committee – applications selected by the Programme's Evaluation Committee will be reviewed, discussed and approved by the Investment Committee. Any further due diligence requirements, risk analysis or milestone recommendations from the Investment Committee will be followed in later steps.
- Step 7: Notification of applications - all applicants will be notified of the status of their applications after final approval from Programme Investment Committee.



5.4 Timeline

Company Consultations <i>During this period, UNCDF will provide ongoing technical support to applicants while they develop their full proposals. Consultation about this RFA should be submitted via email at Shobna.singh@undp.org and uncdf.rfa@uncdf.org.</i>	Until 4 February 2022
Deadline for submission	27 February 2022 11.59 PM NY time
Review and selection by the Investment Committee	By 31 st March 2022
Announcement of successful candidates & Due Diligence <i>The UNCDF team may conduct due diligence on the selected companies.</i>	April 2022
Negotiation and signing of agreements with selected partners	May-June 2022
Launch of the project	Signing date of the PBA

5.5 Queries and additional information

For requests and queries, please send an email to uncdf.rfa@uncdf.org cc shobna.singh@undp.org with the title “Queries - **Inclusive Innovations for market-based climate disaster risk financing and insurance**”

A document answering frequently asked questions will be continually updated at www.uncdf.org

